I. OPENING

WELCOME AND ADDRESS FROM THE CONFERENCE HOST
"Overview of Current Corps of Engineers MTS Activities"

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I'm delighted to be here on behalf of the Corps of Engineers, as a host for this conference. Although I had not heard Admiral Loy speak before, I thought his notion of thinking in terms of security and fast movement of cargo at the same time is very relevant right now. Civil Works takes great pride in the marine transportation system. It was pointed out earlier that the U.S. Army Corps of Engineers role in the marine transportation system began in 1824 with the Rivers and Harbors Act, so we have been at this for about 176 years. Even today, it remains our largest civil mission. The federal government this year is investing $1.8 billion in O&M work, which is 40% of the entire Civil Works budget. This means that when my colleagues, Barry Holliday and Charlie Hess, sit around and talk money, they are the big player at the table with 40% of our entire budget of $4.5 billion.

Given recent events and given the audience I have today, I want to report on how our military stands today. It is based on a capstone experience that I had – something that all DOD and USCG officers go through. It is part of a greening process where you go out and see how different services operate. I understand some of you are Captains and have been on vessels. I was particularly impressed with my visit to the aircraft carrier, the *Abraham Lincoln* off the San Diego coast. While they probably could have tied it up and taken us aboard, I realize now they wanted us to fly onto the carrier, get hooked on, and then catapulted off again -- it was part of the total experience. I'm sure they cranked the catapult up all the way for this little twin-engine plane. What I learned and I always took for granted was at that point our Chairman and Joint Chief of Staff said "Your military is ready." I came away from that experience, incredibly impressed. What I did not know – maybe you do – is that our aircraft carriers fly a 24-hour operation day, night, regardless of the weather. We are the only nation in the world that does that. It felt like it was routine because we do it so well and only rarely, very rarely, do we ever lose a plane. Thank God for that.

I am sitting there on an aircraft carrier of 5,000 people, commanded by a Captain, and ninety percent (90%) of the people running this ship are first-term enlistees. Think about that. They may be 19 years old if they are even that old -- many of them are 18, some are only 17. I'm in the pilothouse with the Captain and I look around and the pilot of this vessel is a 19-year-old from Warner-Robbins, Georgia. I notice a Quartermaster – she can't be any older than the pilot. In the Army, a Quartermaster is a logistician. They are the ones that keep the ship from hitting things, and we were around some islands. She was making sure this vessel was not going to hit anything as the pilot piloted the vessel. I was looking around for somebody in charge, and spot a bosun in the back who is sort

of paying attention, but mostly not, and that is because he has a lot of faith in these young sailors. It was an incredible experience. After this 14-day experience during which we saw the Marines, the Air Force, the Army, and the Coast Guard, I can tell you, we are ready and we are in great shape.

The overarching theme of the MTS is that the nation clearly will not be competitive if we do not invest in our water infrastructure as we have done our highway system. This is the group to make it happen. Somebody said, if not us, who? If not now, when? We're all aware of the highway system improvements and success under TEA-21 and ISTEA. There is a move afoot to work a SEA-21 and this is the group to make that happen.

I deal with locks and dams component of the MTS and other folks here deal with the piers and other components. The way our infrastructure degrades is not catastrophic. We don't have bridges where suddenly five cars fall in from 200 feet and it is all over CNN, triggering the action to make something happen. Waterway and harbor infrastructure is more a degradation over time where ports and channels silt up inch-by-inch-by-inch. It is not catastrophic; we just start light loading. We have locks that are almost 100 years old.

One of the most important things I have learned in this job is that there is no "Kodak moment" when it comes to providing O&M dollars. Since I've been with the Corps, the Congress will put money to new stuff because it provides that ribbon-cutting Kodak moment. It's hard to get them to put money in our aging infrastructure because it is not viewed as exciting. We have started to talk this theme -- everywhere I go I talk this theme.

If we can collectively work this SEA-21 issue, then we will have accomplished something. We need to focus on this vision for the future – the Marine Transportation System 2020 – that will keep our ports and waterways second to none. The Corps wants to do our part. We are committed to that. We work that hard. This vision is critical to meeting the MTS 2020 goals. We in the Army know you go nowhere without a map. You accomplish nothing without a plan. First you have to have a plan. As my deputy tells me in Washington – it is not brilliance that pays once you have plan. Do you know what it is? It is persistence. Therefore, we have to be persistent now that we have a plan.

I think the elements of the plan are very sound. The six elements that Admiral Loy mentioned –support a transportation system that sustains America's economic growth; promotes public safety; shapes an accessible, affordable, reliable transportation system for all people, goods and regions, including – and I read all the sub-strategies and they are very good – advanced transportation research. This is where you come in and it is the point of this conference – to share the research you are doing. For example:

- Develop and assess capacity and demand projections. We need all that or we are not going to be able to articulate the need for infrastructure investment.

- Protect and enhance communities and their natural environment affected by transportation by including environmental features into MTS planning, development and operations. One area where we are working hard has been beneficial use of dredge material and that is going a lot better.

- Advance the system's ability to manage for results and innovation.

- Ensure security of the system and provide for homeland security and support national security strategy. It is ironic – that this is in there and is articulated so very well – even before 11 September.

I would like to talk about the Corps' part of this infrastructure security – we have an anti-terrorism and a forced protection expertise. We have a protective design center of expertise. Some of you may know it; some of you may not -- but it is certainly offered to the members of the MTS. The protective design center was set up in Omaha, Nebraska. It includes about 26 engineers and was set up after the Beirut bombing in Lebanon. They do all the DOD forced protection work. When I commanded the Northwestern Division, I visited them and it is kind of like the Maytag repairman – you go through the facility and they are there and they are doing some work. You can't imagine the calls they are getting now – to draw on the expertise they have and some of the AE contractors they have. They are redesigning the Pentagon as we speak, to harden it and other facilities. Now it has gone beyond DOD into other infrastructure areas. That expertise is available to the MTS.

We also have electronic security centers – one of those is in Huntsville. Suddenly, we are getting calls from municipal water treatment plants: "Hey, can you come over here and take a look at this?" It is like that IT commercial where folks come in, advise that you ought to do this, this and this. They say okay, great, go do it. Well, we don't do that – we just tell you what to do. The good news with Huntsville is if they do advise you to do something, you say okay and do it, and they have a $200 million contract in place, so they can immediately turn the contractor loose to go do what they recommend. This kind of service is available to the nation at this time.

We have hundreds of engineers with experience at Khobar Towers. We were called out for that as well as the Murrha Federal Building, the World Trade Center, and the Pentagon. Over the past few years, the Corps with other agencies, including Bureau of Alcohol, Tobacco and Firearms, DOE, EPA, TVA, FBI – we developed this comprehensive security assessment and it is called a risk assessment analysis tool and while aimed at dams, it works for anything. It is called RAM-D. It was done in association with Scandia Labs. We tested it for a year and the report came out. If you can believe this – a systematic approach to analyzing infrastructure, figuring out risks, threats, and then what you should do – we actually published this at the end of August. We had one copy in our hands and as soon as 11 September broke, we have been asked for this thing all over the place. This is a tool we are now using.

In the Corps today, we are putting temporary protection measures in place. We are doing restricted public access, increased standoff distance to critical structures – things we never considered before about certain locks and dams in remote areas. Increased patrol activities and contract guard support – we don't do our own guards, but we do have law enforcement contracts that we can now beef up and increase. We have increased coordination with law enforcement and early warning telephone structures.

Long-term, we are conducting deliberate infrastructure security assessments at our most critical facilities to ensure we have the right measures in place and, more importantly, the resources. In the end, it is all going to come down to resources and if we use this risk assessment methodology, we believe the answer we come up with can be justified and we are putting the money in the right place.

We are also coordinating with the Coast Guard, the American Waterways Operators and other members of the marine transportation industry to ensure safe, efficient movement of often hazardous cargoes on our waterways and in our ports. It is a challenge. Inland, tows will reconfigure and these hazardous materials will move around and it really is a challenge. What we worked out with the operators is pretty much the one-if by land, two-if by sea. We are the Army and we do pretty well at protecting the land side and we are working with the Coast Guard on the maritime side. This is on the inland waterways.

Regarding our current state of the MTS, certainly it is fulfilling its role. Approximately 90 deep-water ports handle the majority of import and export cargoes in the U.S. In addition, there are 30 ocean or inland ports that have strategic significance to the nation. When we talk Civil Works, we say it is in the national defense interest. It includes such complexes as Sunnypoint, North Carolina as shipping points for military and materiel. They are functioning well – handling about two billion tons of commerce a year.

In the Corps, we are reaching consensus on some of our toughest dredging disposal issues at such places as Oakland Harbor, where for the first time now we have not only the shipping industry, but more importantly, the Sierra Club is onboard with our dredging disposal plans. We are starting to see that around the country.

When I was in Cincinnati, we had been working in the area called Indiana Harbor in the southern part of Lake Michigan near Chicago. This thing had been working for 30 years and it continued to silt in. It was contaminated sediment. In the end, how we convinced the community to go along with us is, if you don't cap it or do something about it, it will wind up out in the lake and you will never be able to control it. While it is sitting there with the contaminated materials on the bottom of the canals it is aspirating, if you will, and people are breathing it in. Better to have it nearby and capped than in the water and a threat. They finally agreed to that after 30 years. There is another area where we can now dredge the port, contain the material so it is good for the people, it is good for navigation, good for the environment and good for industry. This is starting to happen more than ever in the past.

Also in New York/New Jersey harbor complex, we have identified opportunities to accelerate development of a 50-foot world-class port. The legislation we just got signed is going to combine about six or seven projects into one mega-project in New York/New Jersey port, which will be a great help.

Our 12,000 miles of inland and intercoastal waterways are also functioning well. Work continues on our inland locks. We are working at McAlpine, Olmstead, Monongahela River, locks 2-4 – that is on the Ohio, and then in New Orleans Inner Harbor Lock and Dam. We have about $15 billion backlog work with the Corps for navigation improvements. We are getting monies to move them forward, but not at the rate that we should.

We have also refocused the study of the Upper Mississippi and Illinois Waterway navigation improvements – the Upper Mississippi study that was in the paper and was stopped dead. I'm happy to report the study resumed in August and we will have an interim report in May 2002.

While that is the good news, we also have challenges on the MTS. As I mentioned, the extended and deferred construction schedules continue to delay projects from one to five years. Not only does it run up the cost of construction, but these projects are beneficial and we forgo these economic benefits every year that these projects are not completed. At the end of FYO1, the Corps O&M backlog stands at $425 million – that is critical backlog. With the budget we just got, although above the President's budget, our backlog will increase probably in the $600 million range. Deferring maintenance may save money in the short run, but over the long term, will result in lower project benefits and will affect the level of service to customers. Again, it degrades quietly and that is the problem. If we don't tell that story, it will not get told.

The nation's marine transportation system is stressed and may not be able to meet the 21st century demands. As was mentioned earlier, trade will double in the next 20 years and a lot of it will be borne on the navigation system – 90%. Larger and faster vessels will require reliable, deeper and wider navigation channels on the 50-55 foot depths. Maintaining harbors to move this trade freely while remaining good stewards of the environment will require creativity, cooperation and hard work. Failure to respond will create a second-class system with less competitive ports, higher consumer prices, less income for farmers (and that is what is happening on the Upper Mississippi), less economic growth and fewer jobs.

To help focus the nation's most pressing water resources needs, the Corps also held listening sessions separate from the Coast Guard, which I think were very good. Rather than folks listening to the Corps or the Coast Guard, we went to the public to ask, "What do you see? What are the needs from your vantage point?" In the 14 listening sessions, one of the areas addressed was the water transportation system. What did the public tell us? They said, modernize navigation infrastructure in sustainable ways to meet the growing global trade needs. Eliminate the backlog of navigation and projects. Do comprehensive regional port planning.

Improve the process for dredge disposal siting. Plan for mega containerships in ports likely to receive them. Seek contributions from those who directly benefit from channel deepening and incorporate environmental issues in studies and better coordinate across federal, state and local agencies regarding dredging contracts. These were the things we got on this segment of the marine transportation system.

Now that we have this information, what do we do with it? What we have done is we're working with our Assistant Secretary of the Army for Civil Works and the Office of Management and Budget to address these publicly stated needs in a Water Resources Development Act of 2002. We have gone to the public and we've heard them. Now we are incorporating that into our Water Resources Development Act of 2002.

I see this as a joint mission: all the agencies represented here and private industry. What we all need to do is leverage the various expertise in our own areas to achieve this MTS Vision 2020.

In closing, on 11 September 2001, the United States of America became a country at war. Our Post Cold War peacetime Army is now confronted with the challenge of winning a new kind of war on multiple fronts. Admiral Loy was saying, things have changed dramatically. I was in Germany as a Lieutenant – I almost wish for the old days when I stood on the border and the Russians were on the other side -- life was pretty simple. We were here. They were there. Hub-to-hub with tanks, no asymmetric threat, and the Russians had good control over all the bad guys out there. Now the wall has came down, nobody has control of the bad guys and they learned from Desert Storm, you do not attack – if they didn't learn anything else – you do not attack the U.S. tank-on-tank. You attack at their weakness and they learned that lesson very well.

Our success will rely, as always, on our people. Throughout American history, our people have always met the challenge of every crisis, every emergency, and every war effort. But, as President Bush has reminded us, in many cases, the best way we can support the war effort is to continue to function as a society and get on with our lives. My charge to you then is to look to the future and to respond to its challenges, not only national security, but also rapid economic growth and the need to ensure sustainable, viable maritime environment.

On that note, I wish you a most productive conference and I thank you for inviting me here this morning. There is great talent in this room. With you and with a vision, we will ensure our maritime system stays strong.

Thank you very much.